

DIGITAL MEDIA

PAYMENTS REPORT (Q2 2019)

Key Highlights:

June 2019 was the first time in 6 months that less than half of all payments received were late (see page 5).

TOP PERFORMERS: 33Across, AdRizer, Apple, Conversant, Dish Network, Google, MidRoll, Sublime Skinz, Teads and Underdog Media paid early 100% of the time (see pages 10 & 11)

The number of payors that pay late 100% of the time more than quadrupled in Q2 (see page 9)

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INTRODUCTION

We like to think of this report as the benchmark for payment data in the industry.

In this report you will find payment history on dozens of companies paying ad revenue in the digital media eco-system. One key finding of the last report is that as you move closer to the source of advertising, payments get delayed more often. This could be because of the agency culture of "paying when they get to it". If you're on the demand side of the eco-system, you know the game. We also have data in here on payment offsets.

GOAL: PAYMENT TRANSPARENCY

Our goal with this report is to increase payment transparency in digital media.

There is a big push for transparency in the entire industry: with fill rates, CPMs, viewability, and the exchange/SSPs cut of the action.

So why not piggy-back on that and share the payment data we have access to?

We hope you find this useful.

SCOPE OF THE DATA

We analyzed thousands invoices purchased from digital media businesses spanning 3 months from different veritcals.

OAREX is actively funding digital media businesses including publishers, apps, game developers, podcasts, SSPs, exchanges, DSPs, agencies, marketers, OTT, ad-tech and mar-tech firms. We do that by purchasing A/R invoices from them.

The number of invoices analyzed in this study is approximately 5,000. We analyzed the data through the end of Q2, 2019.

Collections data is benchmarked against the net terms each demand partner (payor) says they will pay on. We also benchmark the data against historical data for each payor.

This data is made available for you to track and identify *trends* in digital media payments.

DISCLAIMER: the data is not meant to give you any groundbreaking insights. It's simply our "snapshot" of recent payments across the digital media eco-system. Also please see the full disclaimer on page 16 below.



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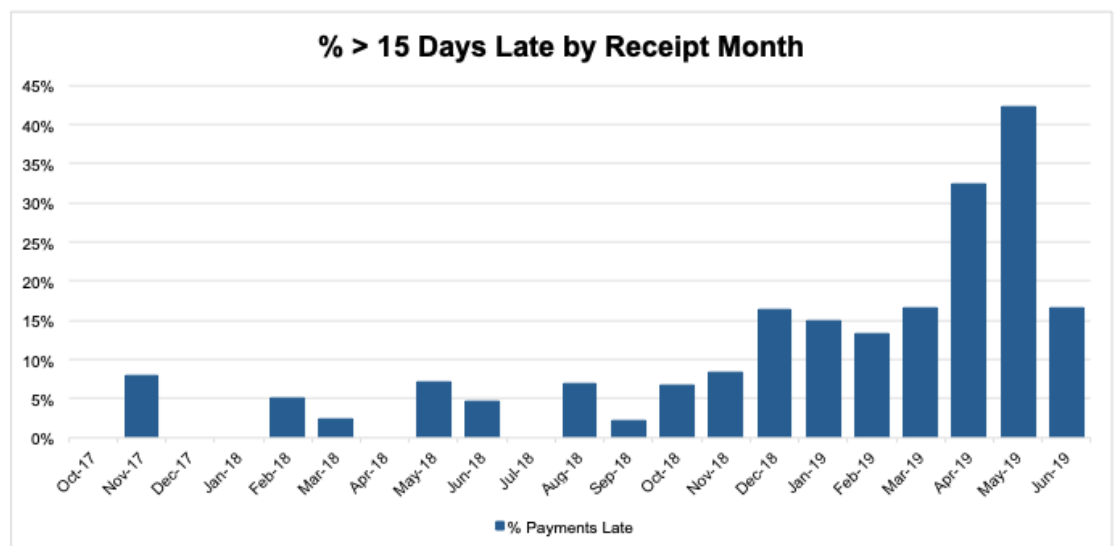
LATE PAYMENTS: 15+ DAYS

Payments more than 2 weeks late once again hit an all-time high in Q2.

We track the timing of payments. If an ad network says they pay net 60, we check to see if they are actually paying net 60.

In Q1, payments that were late by more than 15 days more than doubled from March to May.

Things normalized in June. We attribute the spike in April and May as an aftermath to Q4, where operational efficiencies result in payment delays (i.e. payments aren't late because of a credit issue).



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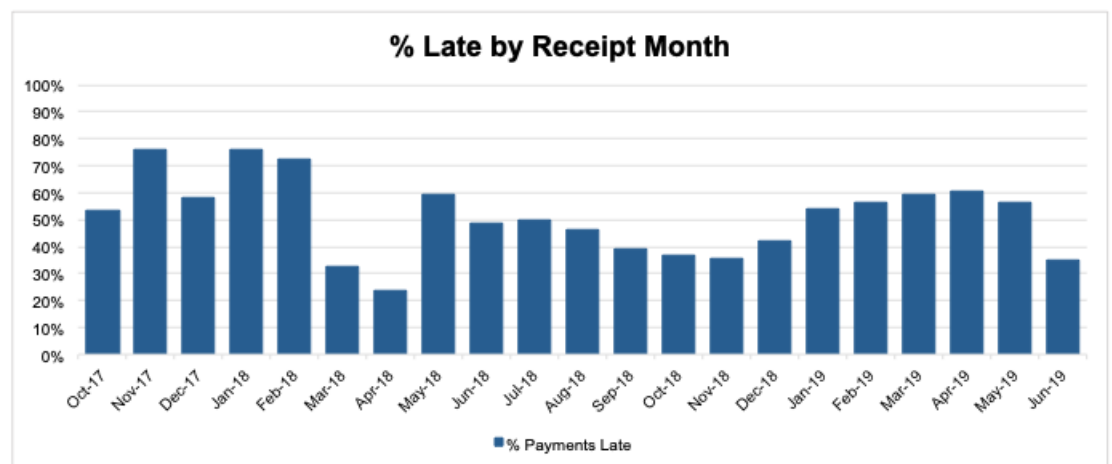
LATE PAYMENTS BY MONTH

The overall percentage of late payments was on a steady decline in Q2.

Overall late payments have been on the steady decline in Q2. Late payments bottomed out June where slightly over 30% were late (vs. holding steady at 60% since March).

In March, 59% of all payments received from payors were late. This peaked in April at 60% and has steadily declined.

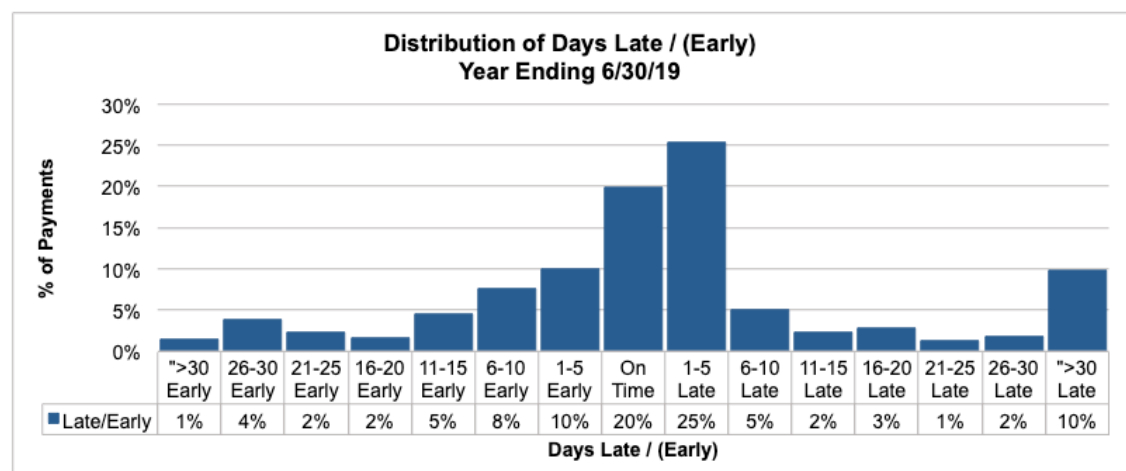
June, 2019 was the first time since January that less than 50% of payments were late.



PAYMENTS WITHIN 5 DAYS

55% of payments in Q2 were paid within 5 days - early or late - of the stated net terms.

Consistent with prior payment studies, most payments were received within 5 days of the stated terms. However in Q2, 55% of payments were received within 5 days vs. Q1 where 63% were. We did see a spike in the over 30-day late bucket, more than doubling in Q2 vs. Q1. Again, we attribute this to some payors on the Agency side of the eco-system where payment delays are more prevalent. And although the majority of payments come in within 5 days (early or late), *the late payments are still getting worse.*



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KEY TAKEAWAY ON PAYMENT TIMING

WHAT IS THE CURRENT PAYMENTS TREND?

"The closer you move to the source of advertising, the sloppier the payments get."

We have seen little to no consistency with the timing of payments. If anything, it's getting worse. We saw a 12.7% drop in the amount of payments received within 5 days (63% in Q1 vs. 55% in Q2). Furthermore, as we've added payors to our portfolio by funding agencies, we've seen a huge spike in late payments.

It seems safe to say that the closer you get to the source of the money (i.e. the brand advertising), the more inconsistent and late the payments become. As the money flows through the eco-system to the end publisher, firms tend to be more consistent with payment timing. Also consistent with prior payment reports we've published, we are seeing a blip in late payments owed from Q4.

PAYMENT AMOUNT DATA

Payment offsets by advertisers have steadily increased month over month in Q2, 2019.

69% of all payments in the last 12 months have been paid within 1% (high or low) of the stated invoice amount. However the underpayments have been on the steady incline. In April it was about 15%; May 17% and June 18%. For the quarter as a whole, underpayments by more than 1% of the stated amount held steady at 16% in Q2. We are keeping our eye on this trend to see if it continues into Q3 and Q4.

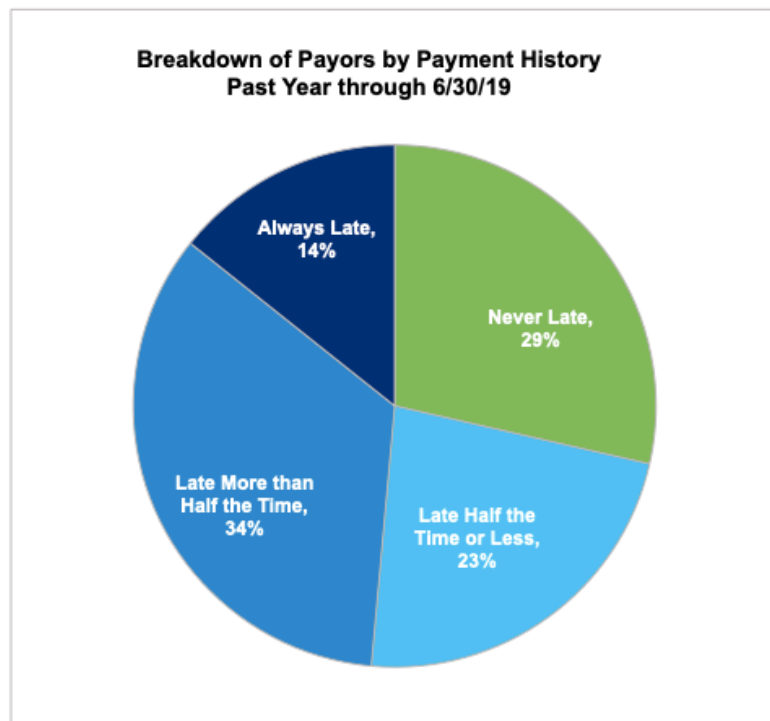
About Fraud & Credit Offsets

In our last payment study, we said we believe that payment offsets as a result of fraud are not a major issue because of tech providers blocking the fraud. We have officially reversed this position. We now hold that fraud remains an issue, but that advertisers have "built in" the cost of fraud, and fraudsters operate at a margin that is acceptable to advertisers. The problem with the fraud-prevention services is that they are all *after the fact* and block *known fraud*. We have come across solutions that are attempting to block fraud before it happens, but they haven't been commercialized yet. We are watching the progress of this new tech closely.

PAYOR PERFORMANCE

The number of debtors that always pay late more than quadrupled (14% in Q2 vs. 3% in Q1).

Only 29% of all payors have never paid late. 34% pay late more than half the time (vs. 26% in Q1).



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PAYOR PERFORMANCE

3 months ending 6/30/2019	% of Payments			Avg. Days vs. Terms		
Payor	Early	On Time	Late	Late / (Early)	Days Early	Days Late
33Across, Inc.	100%	0%	0%	(11.00)	(11.00)	
7hops.com, Inc.	0%	0%	100%	14.00		14.00
Adcolony, Inc.	6%	0%	94%	5.36	(28.08)	7.59
Adrizer, LLC	100%	0%	0%	(24.00)	(24.00)	
ADvendio Europe Ltd	0%	0%	100%	34.00		34.00
Amazon, Inc.	17%	0%	83%	6.14	(2.00)	7.77
Apple, Inc.	100%	0%	0%	(25.91)	(25.91)	
Appnexus, Inc.	6%	0%	94%	7.91	(23.47)	10.07
Audioboom Ltd	38%	50%	13%	(0.50)	(2.67)	4.00
Beachfront Media, LLC	0%	0%	100%	22.57		22.57
Bonnier Corporation	0%	0%	100%	40.67		40.67
Castle Brands, Inc.	0%	0%	100%	4.00		4.00
Celtra, Inc.	0%	0%	100%	8.00		8.00
Chartbeat, Inc.	0%	0%	100%	140.50		140.50
Connatix Native Exchange, Inc.	25%	0%	75%	18.25	(26.00)	33.00
Conversant, LLC	100%	0%	0%	(8.00)	(8.00)	
CPC Strategy, LLC	0%	0%	100%	78.75		78.75
Criteo, Inc.	0%	0%	100%	2.00		2.00
Cumulus Media, Inc.	0%	0%	100%	16.50		16.50
Custora, Inc.	0%	0%	100%	45.50		45.50
Dish Network, LLC	100%	0%	0%	(3.00)	(3.00)	
District M, Inc.	18%	0%	82%	0.57	(10.22)	2.91
DistroScale, Inc.	0%	0%	100%	37.00		37.00
Dstillery, Inc.	0%	0%	100%	147.00		147.00
Ebsco Industries, Inc.	0%	0%	100%	16.00		16.00
EMX Digital, LLC	0%	0%	100%	28.30		28.30
Essence Global Ltd.	0%	0%	100%	117.00		117.00
Facebook, Inc.	0%	0%	100%	110.00		110.00
First Republic Bank, N.A.	100%	0%	0%	(3.00)	(3.00)	
Fluent, Inc.	0%	0%	100%	96.00		96.00
Forbes Media, LLC	0%	0%	100%	32.00		32.00
Fyber GmbH	50%	0%	50%	(10.40)	(26.80)	6.00
Google Play	83%	17%	0%	(20.67)	(24.80)	
Google, Inc.	100%	0%	0%	(0.95)	(0.95)	
GumGum, Inc.	18%	18%	64%	7.44	(2.00)	12.26
Havas Media Group USA, LLC	50%	0%	50%	(0.33)	(13.50)	12.83
Index Exchange USA, LLC	26%	13%	61%	12.33	(13.33)	25.96
InMarket, LLC	100%	0%	0%	(7.00)	(7.00)	
Inmobi, Inc.	0%	0%	100%	19.41		19.41
Instart Logic, Inc.	0%	0%	100%	53.00		53.00
IPONWEB, Inc.	0%	0%	100%	110.00		110.00
Jellyfish Group Limited	0%	0%	100%	83.50		83.50
Kargo Global, Inc.	0%	0%	100%	11.75		11.75
Katz Media Group, Inc.	0%	67%	33%	0.83		2.50
Klarna, Inc.	0%	0%	100%	39.00		39.00

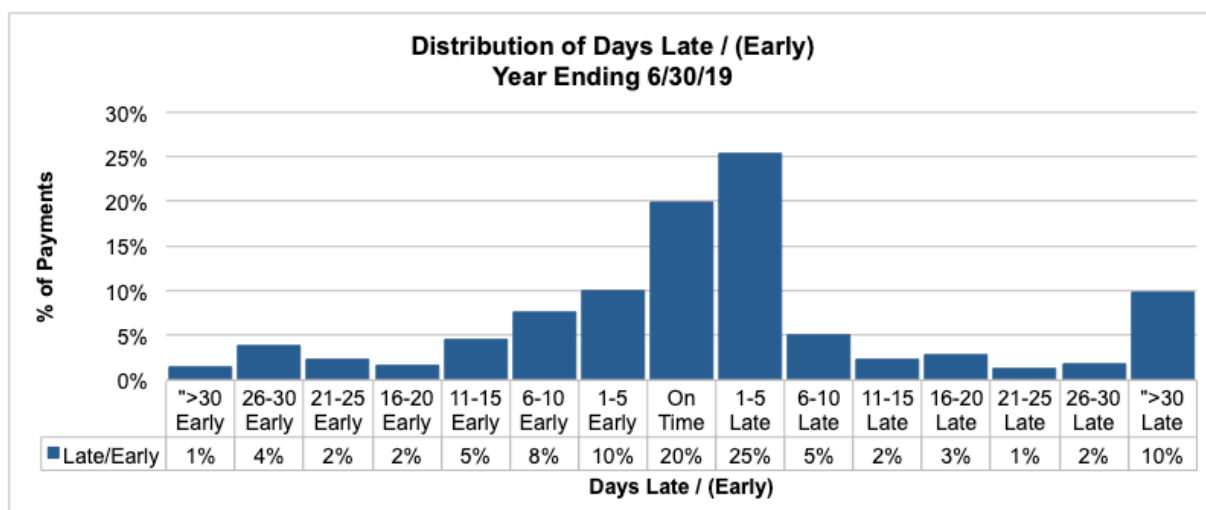
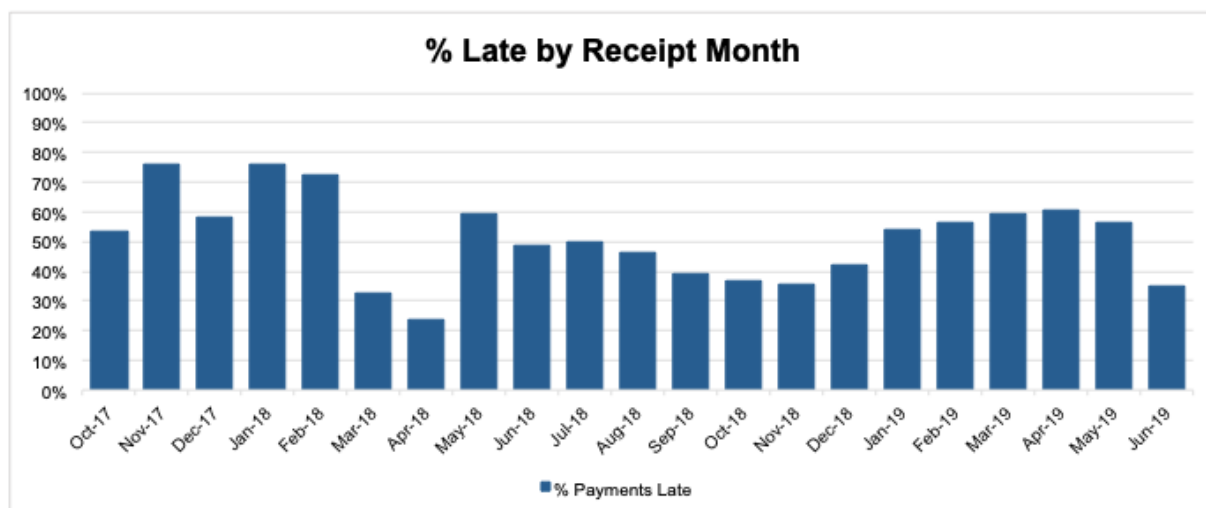
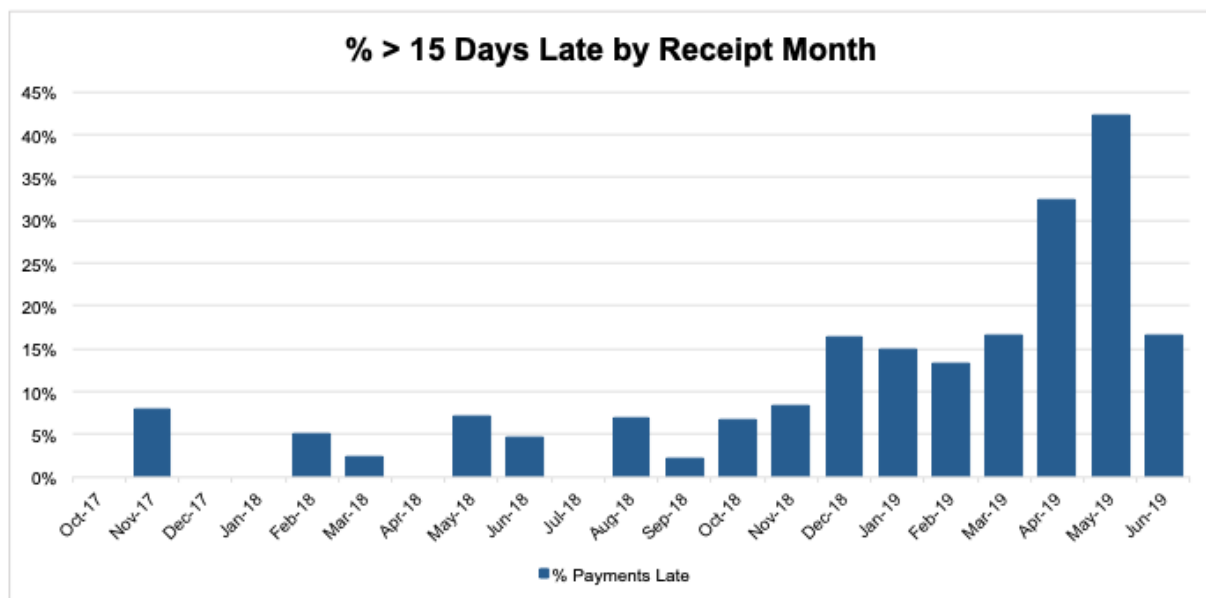
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PAYOR PERFORMANCE (CONT.)

3 months ending 6/30/2019		% of Payments			Avg. Days vs. Terms	
Payor	Early	On Time	Late	Late / (Early)	Days Early	Days Late
Lijit Networks, Inc.	0%	0%	100%	2.50		2.50
Liquid Advertising, Inc.	0%	0%	100%	41.00		41.00
Longtail Ad Solutions, Inc.	0%	0%	100%	100.67		100.67
M&C Saatchi Mobile Ltd.	0%	0%	100%	25.83		25.83
Mack Weldon, Inc.	0%	0%	100%	18.00		18.00
Marin Software, Inc.	0%	0%	100%	110.00		110.00
MediaMath, Inc.	0%	0%	100%	72.00		72.00
Merkle, Inc.	100%	0%	0%	(21.00)	(21.00)	
Midroll, LLC	100%	0%	0%	(6.00)	(6.00)	
Mopub, Inc.	33%	67%	0%	(0.43)	(1.30)	
Nativo, Inc.	33%	67%	0%	(0.67)	(2.00)	
Nexstar Digital, LLC	100%	0%	0%	(14.00)	(14.00)	
Nielsen Holdings PLC	0%	0%	100%	109.00		109.00
Oath Inc. (Verizon / AOL)	75%	0%	25%	9.12	(7.67)	59.50
Ogury Ltd.	83%	17%	0%	(2.29)	(2.75)	
OpenX Technologies, Inc.	16%	84%	0%	(0.18)	(1.17)	
Optimove, Inc.	0%	0%	100%	84.75		84.75
Perion Network Ltd.	100%	0%	0%	(9.00)	(9.00)	
Piano, Inc.	0%	0%	100%	123.00		123.00
Primis Ltd.	0%	0%	100%	115.00		115.00
Publicis Group	0%	0%	100%	98.00		98.00
Pubmatic, Inc.	60%	0%	40%	27.38	(10.36)	84.00
Pulsepoint, Inc.	10%	29%	62%	3.57	(15.00)	8.08
RhythmOne, LLC	56%	0%	44%	(3.68)	(19.67)	16.89
RTK.io, Inc.	44%	0%	56%	(0.79)	(16.27)	11.60
Rubicon Project, Inc.	80%	13%	7%	(6.80)	(8.58)	1.00
Sam 4 Mobile, Inc.	0%	0%	100%	68.00		68.00
Sharethrough, Inc.	0%	0%	100%	5.67		5.67
Smaato, Inc.	0%	0%	100%	21.33		21.33
Snapsort, Inc.	55%	45%	0%	(11.90)	(21.82)	
Speculative Product Design, L	100%	0%	0%	(9.25)	(9.25)	
SpotXchange, Inc.	0%	0%	100%	113.00		113.00
Sublime Skinz, Inc.	100%	0%	0%	(4.00)	(4.00)	
Taboola, Inc.	5%	29%	67%	10.13	(29.57)	17.31
Tapresearch, Inc.	0%	14%	86%	4.43		5.17
Teads, Inc.	100%	0%	0%	(20.00)	(20.00)	
Triplelift, Inc.	0%	0%	100%	4.00		4.00
TruSignal, Inc.	100%	0%	0%	(34.00)	(34.00)	
Underdog Media, LLC	100%	0%	0%	(4.57)	(4.57)	
Unruly Group Ltd.	0%	0%	100%	95.75		95.75
Verve Wireless, Inc.	14%	0%	86%	34.50	(1.00)	40.42
Viant, Inc.	0%	0%	100%	107.00		107.00
VideoAmp, Inc.	0%	0%	100%	73.67		73.67
Vizrt, Inc.	0%	0%	100%	127.00		127.00
Vungle, Inc.	83%	0%	17%	(1.77)	(2.32)	1.00

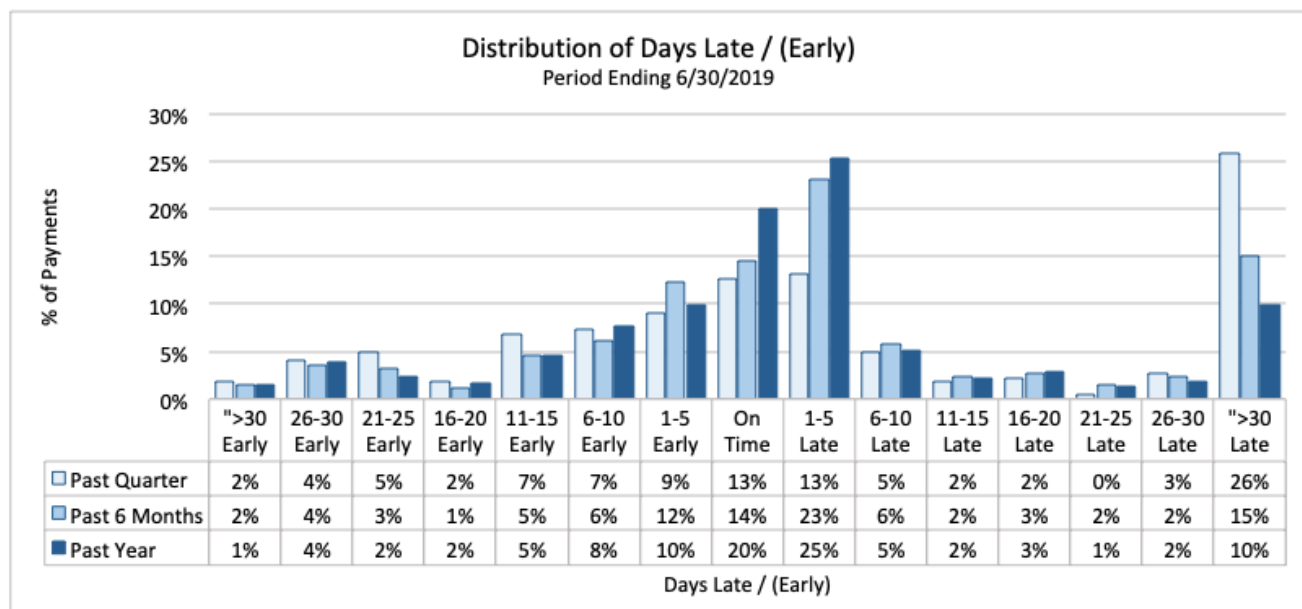
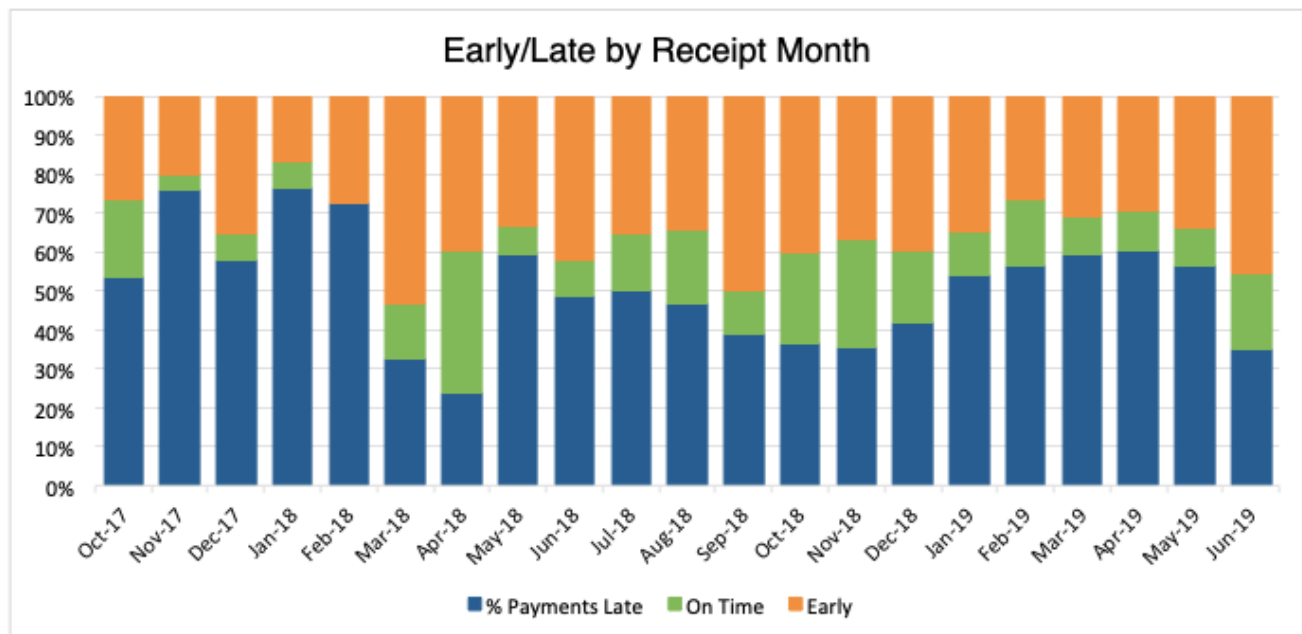
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DATA APPENDIX



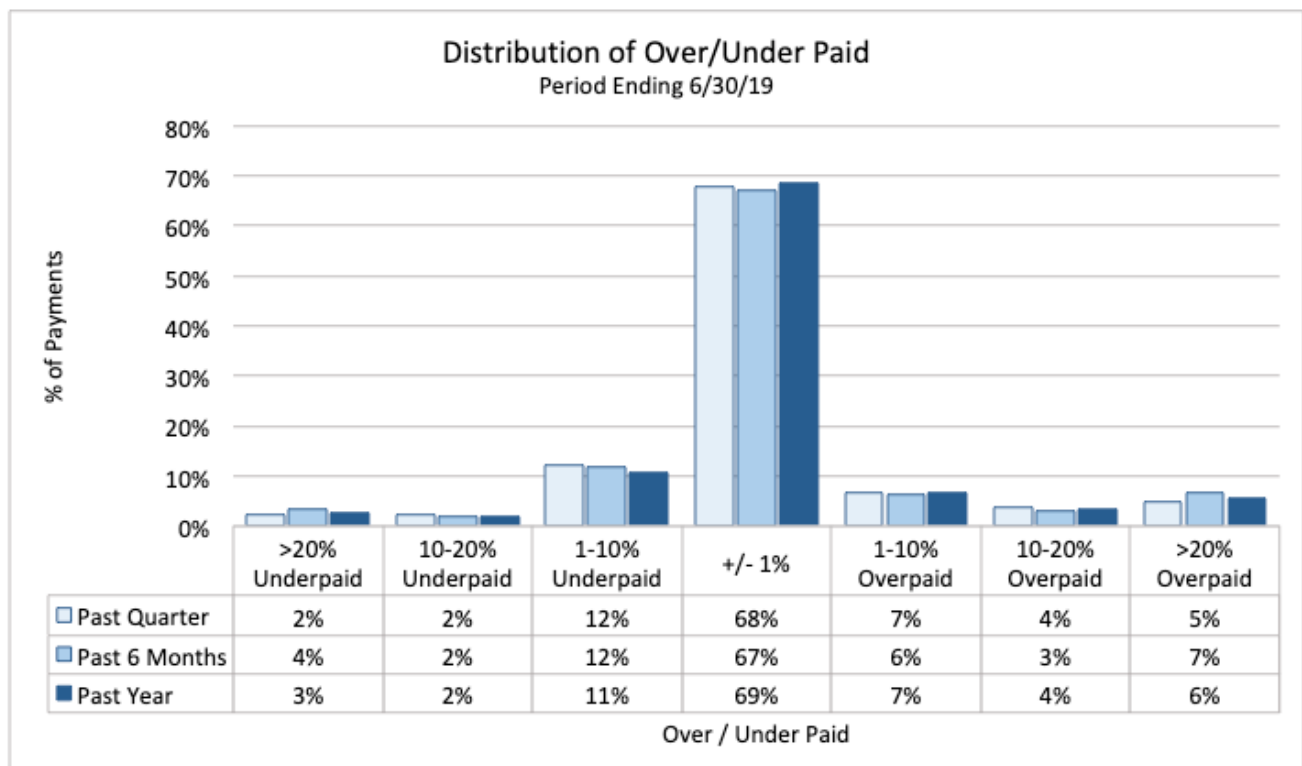
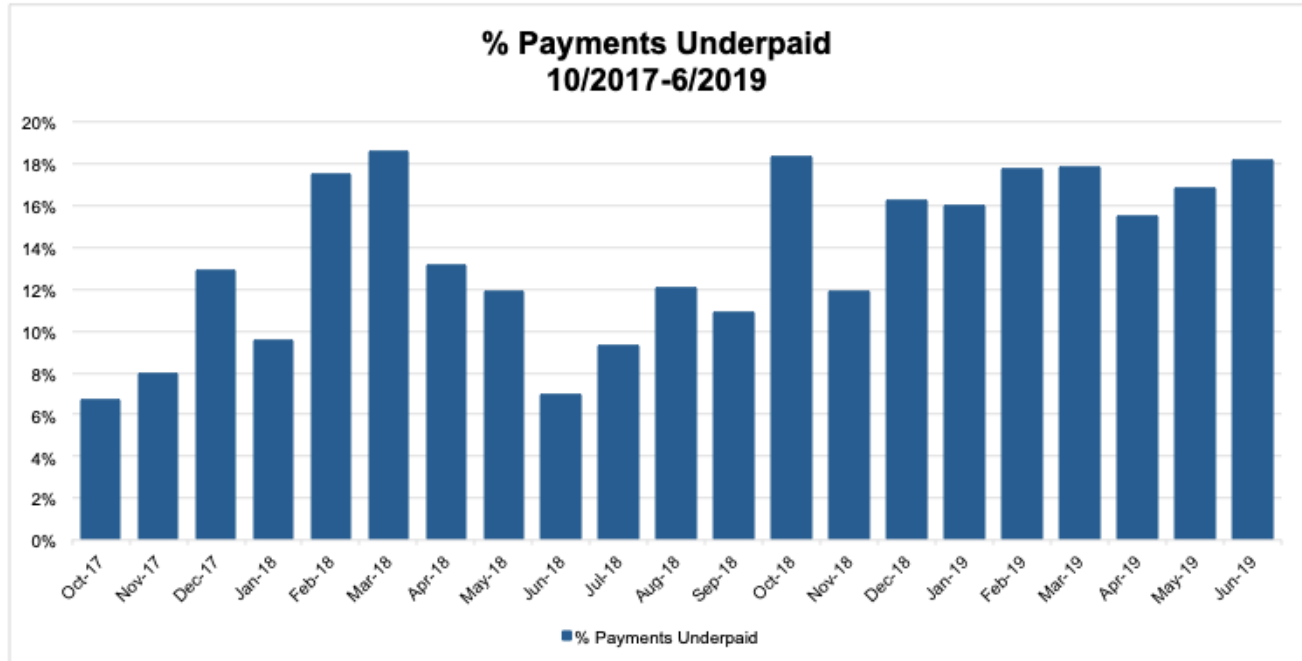
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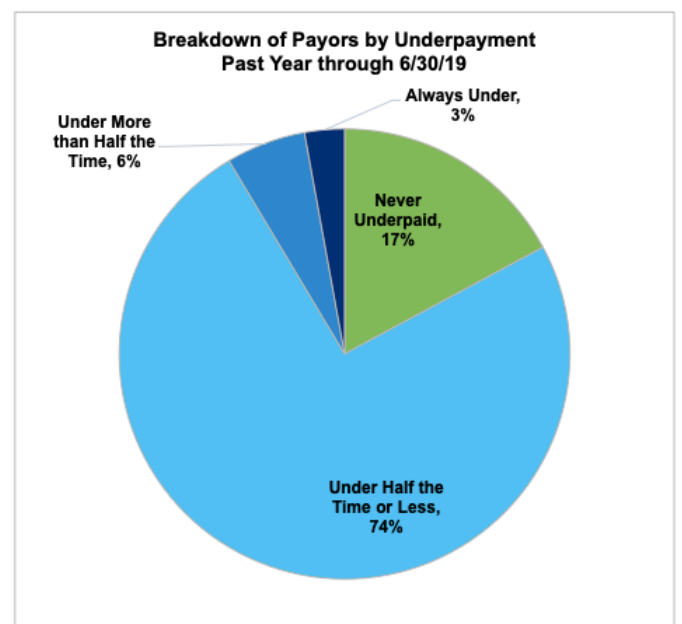
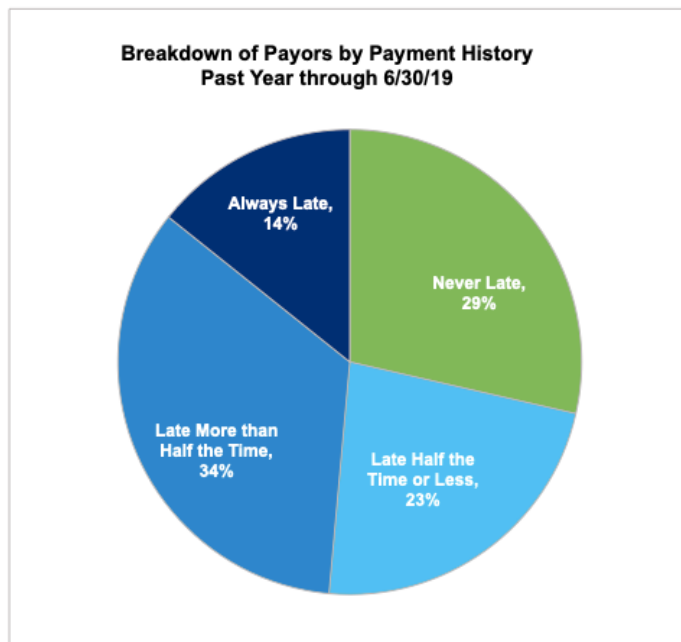
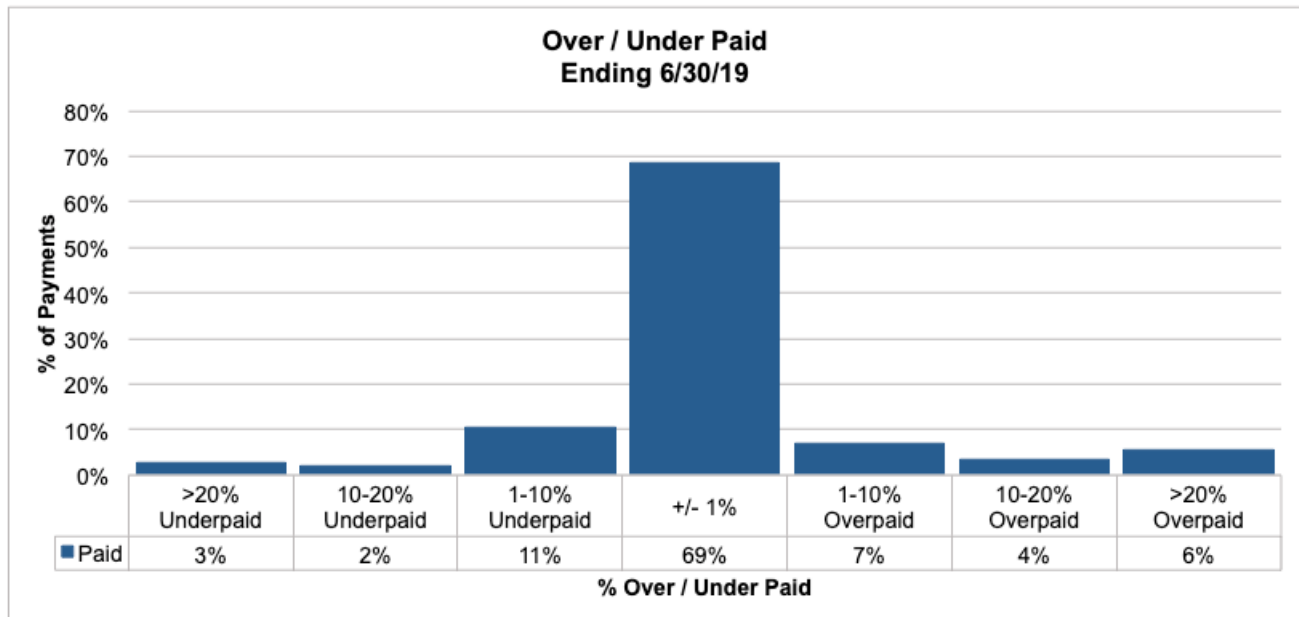
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DATA APPENDIX (CONT.)



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DATA APPENDIX (CONT.)



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